



U.S. Department of Justice

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PRESS RELEASE

HAYCOCK SENTENCED TO 66 MONTHS IN PRISON FOR CONSPIRACY, MONEY LAUNDERING IN CONNECTION WITH MORTGAGE FRAUD CASE

SALT LAKE CITY – Ronald William Haycock, Sr., 63, of Bountiful, convicted in December of money laundering and conspiracy to commit wire and mail fraud in connection with a mortgage fraud scheme, will spend 66 months in federal prison.

U.S. District Judge Clark Waddoups imposed the sentence Monday afternoon. Haycock must serve 60 months of supervised release when he finishes his prison sentence. He also was ordered to pay \$2,384,974.76 in restitution along with other defendants involved in the fraud scheme.

“This is a significant sentence in a mortgage fraud case,” U.S. Attorney Carlie Christensen said today. “Mr. Haycock and the other defendants in this case were involved in an extensive mortgage fraud operation – cycling approximately 75 houses through their straw-buyer scheme. When the Utah Mortgage Fraud Task Force was organized, this case was identified early as a priority for investigation and prosecution by task force members from many agencies.”

“Mortgage fraud continues to be one of the most serious economic crimes facing this community,” Christensen said. “While these crimes directly harm the victims of the fraud, the conduct damages our housing markets and displaces families in our communities. We will continue to use every tool available to aggressively investigate and prosecute those individuals who perpetrate these devastating financial crimes against our communities.”

(The FBI’s Mortgage Fraud Report for 2009, released last year, indicated that Utah was one of the top 20 states for mortgage fraud in the country. The FBI uses an analysis of available law enforcement and industry data to prepare the report.)

Haycock and two other individuals, Lyle Clay Smith, age 46, of Roy, and Jamis Melwood Johnson, age 59, of Salt Lake City, were charged in a 38-count indictment returned in March 2009. The indictment included 10 counts of mail fraud; 12 counts of wire fraud; one count of conspiracy; and 15 counts of money laundering.

Smith reached a plea agreement with federal prosecutors and is serving a 56-month federal prison sentence. He also must pay \$2,384,974.76 in restitution jointly with other defendants convicted in the case. Johnson, who was convicted of 27 counts following a jury trial in March, is scheduled to be sentenced July 18, 2011, although it is likely that date will be continued.

In his guilty plea, Haycock admitted that in 2006 and 2007, he was an accountant and tax planner offering financial and tax services. He admitted his business, “Paramount Strategies,” helped investors acquire “undervalued real estate.” Haycock admitted that, in reality, these investors were straw buyers that had been paired with properties in Davis, Salt Lake and Utah counties that had previously been identified and placed under contract by Haycock’s associates. Haycock introduced recruiters and others to a co-defendant as his legal counsel, and to others involved in various real estate disciplines in a loose confederation that promoted straw purchases of residential properties. Haycock admitted that the group caused misrepresentations to be made on loan applications to deceptively inflate the value of the properties, and to create the false appearance that straw borrowers were qualified to repay loans in order to induce lenders to grant loans for amounts in excess of their fair market value.

Straw buyers were told that they would not have to move into the properties, would not need to make a down payment, earnest money payments or monthly payments. Straw buyer did not see the homes being purchased before closing and did not plan on moving into the homes they were signing for. Straw buyers were promised that when the property had risen in value and was sold in a year or two, they would split the profits with Paramount. The straw buyer loans were closed in a rushed process and the loan distribution and closing statements were sometimes created in a manner that concealed that the down payments were being refunded to short-term lenders, that the purchasers were straw buyers, and that side agreements and joint venture agreements channeled excess loan proceeds to Paramount.

Agencies participating in the investigation of the case include the Davis County Attorney's Office, the Utah Insurance Fraud Division, HUD-Office of Inspector General, the FBI, the IRS, and members of the Utah Mortgage Fraud Task Force.

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